



Central Bank of Kenya

Weekly Bulletin

November 15, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending November 14, amid capital inflows. It exchanged at KSh 102.10 per US Dollar on November 14, compared to KSh 102.95 on November 7 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,943 million (5.59 months of import cover) as at November 14. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of imports cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market was liquid during the week ending November 14, largely due to government payments. Commercial banks' excess reserves stood at KSh 14.5 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate decreased to 2.97 percent on November 14 from 4.55 percent on November 7. The average number of interbank deals per day increased to 16 from 14, while the value traded increased to KSh 13.1 billion from KSh 8.7 billion (Table 3).

Government Securities Market

The Treasury bills auctions of November 14 received bids totaling KSh 13.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 57.7 percent. Interest rates on the 91-day and 182-day Treasury bills increased, while 364-day Treasury bill rate declined marginally (Table 4).

Equity Market

The NASI, NSE 25 and NSE 20-share price indices declined by 4.1 percent, 4.3 percent and 4.1 percent, respectively during the week ending November 14. Similarly, market capitalization, equity turnover and total shares traded decreased by 4.1 percent, 66.7 percent and 64.0 percent, respectively (Table 6).

Bond Market

Turnover of bonds in the domestic secondary market increased by 2.7 percent during the week ending November 14. In the international market, yields on Kenya's 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 4.0, 13.1, 13.8 and 10.1 basis points, respectively. However, the yield on 7-year Eurobond declined by 0.3 basis points (Table 6). The yield on 10-year Eurobonds for Angola and Ghana increased (Chart 2).

Global Trends

Trade tensions eased during the week due to the news of possible trade agreement between USA and China. However, threats by USA to increase tariffs on Chinese goods if China does not accept phase one of the trade agreement, and a directive from the UK Home Office requiring EU citizens to apply for new immigration status before the January 31 Brexit deadline, have maintained uncertainty in major financial markets.

International oil prices increased during the week due to supply-demand imbalance and the heightened Hong Kong street protests. The Murban oil prices rose from USD 62.93 per barrel on November 7 to USD 64.76 per barrel on November 14.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-Nov-19	103.28	133.73	115.09	95.38	35.95	22.31	8.85	18.08
4-Nov-19	103.27	133.77	115.19	95.41	35.88	22.31	8.85	18.08
5-Nov-19	103.27	133.46	115.19	94.95	35.88	22.34	8.85	18.08
6-Nov-19	103.19	133.11	114.58	94.78	35.86	22.34	9.03	18.18
7-Nov-19	102.95	132.74	114.24	94.71	35.99	22.39	9.05	18.22
November 1-7	103.19	133.36	114.86	95.05	35.91	22.34	8.92	18.13
8-Nov-19	102.81	131.70	113.87	94.19	35.99	22.41	9.06	18.25
11-Nov-19	102.50	131.28	113.13	94.02	36.09	22.49	9.09	18.30
12-Nov-19	102.41	131.88	113.01	93.81	36.25	22.51	9.10	18.32
13-Nov-19	102.42	131.50	112.86	93.91	36.08	22.46	9.10	18.32
14-Nov-19	102.10	131.07	112.39	93.81	36.19	22.58	9.10	18.36
Nov 8-14	102.45	131.49	113.05	93.95	36.12	22.49	9.09	18.31

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	10-Oct-19	17-Oct-19	24-Oct-19	31-Oct-19	07-Nov-19	14-Nov-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,000	8,925	8,944	8,961	8,931	8,943
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.62	5.58	5.59	5.60	5.58	5.59

*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
1-Nov-19	17	9,700	6.14
4-Nov-19	14	7,800	5.66
5-Nov-19	12	10,215	5.44
6-Nov-19	15	9,810	4.81
7-Nov-19	13	5,925	4.55
November 1 -7	14	8,690	5.32
8-Nov-19	22	14,830	4.18
11-Nov-19	15	11,235	4.11
12-Nov-19	17	13,300	3.85
13-Nov-19	16	16,650	3.53
14-Nov-19	11	9,500	2.97
November 08 -14,2019	16	13,103	3.73

Source: Central Bank of Kenya

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	26-Sep-19	24-Oct-19	31-Oct-19	07-Nov-19	14-Nov-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	3,294.99	544.18	6,813.64	864.43	1,129.39
Amount Accepted (Ksh M)	3,294.99	544.18	6,813.64	864.43	1,129.39
Maturities (Ksh M)	4,205.85	5,210.65	8,338.70	3,219.60	2,700.85
Average interest Rate (%)	6.307	6.424	6.390	6.390	6.680
182-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	436.44	3,413.28	4,612.98	3,245.70	1,519.84
Amount Accepted (Ksh M)	436.44	2,931.66	4,133.29	3,245.70	1,519.84
Maturities (Ksh M)	6,129.75	14,630.95	1,236.45	4,576.60	823.55
Average interest Rate (%)	7.175	7.223	7.189	7.261	7.774
364-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	19,878.31	13,516.54	16,004.60	27,701.94	11,196.46
Amount Accepted (Ksh M)	11,581.85	12,996.78	12,781.75	22,439.77	11,189.20
Maturities (Ksh M)	10,320.85	11,567.75	15,795.65	15,756.85	12,957.30
Average interest Rate (%)	9.777	9.780	9.780	9.787	9.784

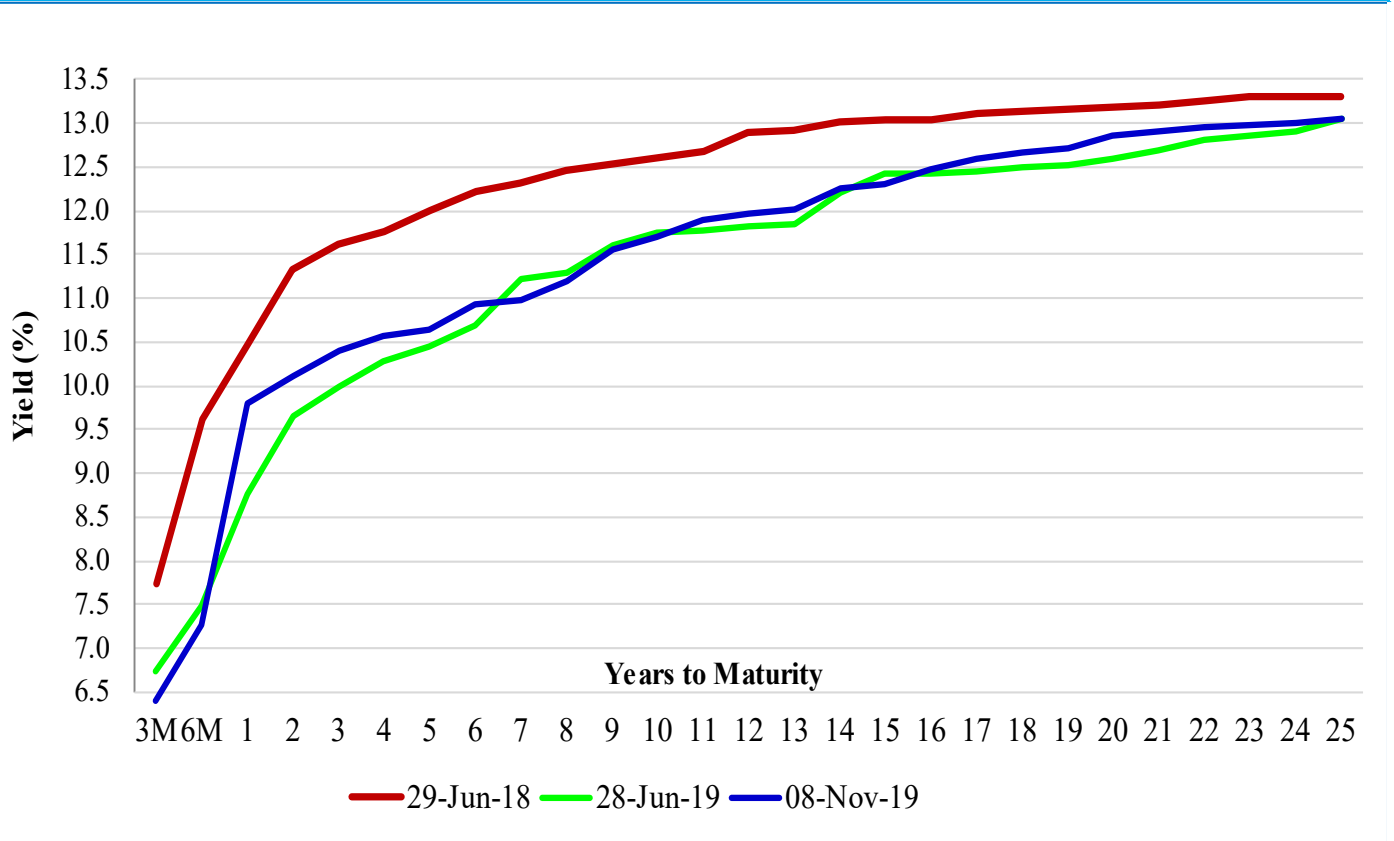
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	13-Jun-19		18-Sep-19		25-Sep-19		23-Oct-19
	REOPEN		REOPEN		TAP		
Tenor	FXD 1/2012/15	FXD 1/2018/15	FXD 1/2018/15	FXD 2/2019/15	FXD 1/2018/15	FXD 2/2019/15	IFB1/2019/16
Amount offered (Ksh M)	40,000.00		50,000.00		30,000.00		60,000.00
Bids received (Ksh M)	85,615.66		32,624.57		9,320.40		86,946.69
Amount Accepted (Ksh M)	21,211.35	17,727.97	15,256.19	17,368.38	3,453.83	5,906.13	68,466.07
Maturities (Ksh M)	0.00	0.00	46,205.50		3,453.83	5,906.13	0.00
Average interest Rate (%)	11.59	12.46	12.56	12.67	12.56	12.67	12.39

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

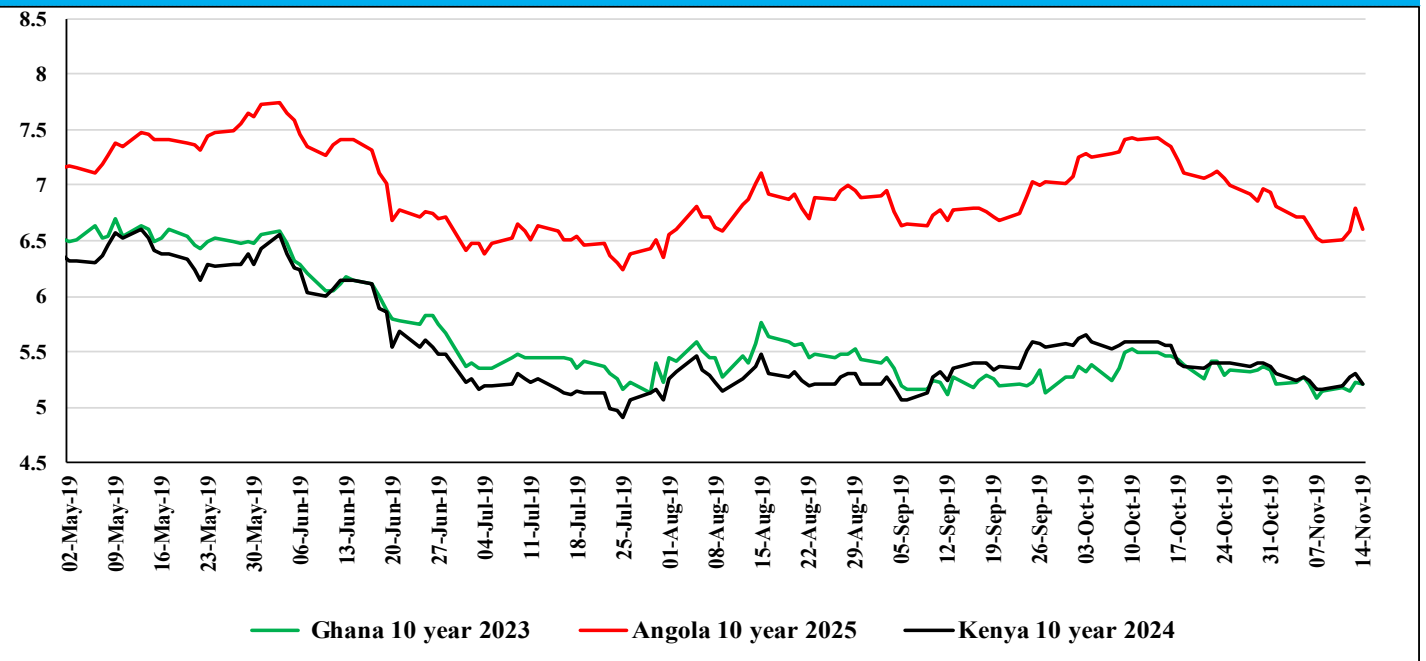
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
1-Nov-19	164.35	4080.98	2733.75	1,851	57.47	2,477.51	2,508.46	3,163.09	6.099	5.302	6.309	7.038	7.734
4-Nov-19	163.16	4012.40	2727.91	1,629	37.22	931.79	2,490.30	2,133.31	6.047	5.244	6.144	7.038	7.666
5-Nov-19	162.73	3992.57	2730.12	1,367	19.96	665.97	2,483.71	4,069.88	6.073	5.275	6.234	7.038	7.713
6-Nov-19	164.99	4071.22	2766.77	2,023	83.14	3,186.82	2,518.28	1,872.62	6.099	5.242	6.290	7.084	7.772
7-Nov-19	165.57	4052.89	2747.48	1,316	28.61	883.10	2,527.12	2,321.53	6.067	5.167	6.251	7.022	7.734
November 1-7	165.57	4052.89	2747.48	8,186.00	226.39	8,145.20	2,527.12	13,560.43	6.067	5.167	6.251	7.022	7.734
8-Nov-19	160.99	3957.43	2717.86	1,059	10.03	342.49	2,457.13	2,791.61	6.060	5.166	6.270	7.038	7.740
11-Nov-19	158.96	3917.47	2697.56	789	14.27	664.62	2,426.09	2,675.53	5.951	5.192	6.274	7.068	7.753
12-Nov-19	157.02	3873.14	2672.36	1,020	29.31	857.31	2,396.36	2,602.87	5.945	5.267	6.338	7.099	7.807
13-Nov-19	157.27	3861.37	2641.58	999	12.04	422.06	2,400.21	3,030.55	6.133	5.309	6.462	7.223	7.932
14-Nov-19	158.84	3880.03	2635.56	944	15.76	423.87	2,424.23	2,818.58	6.064	5.207	6.382	7.160	7.835
Nov 8-14, 2019	158.84	3880.03	2635.56	4,811.00	81.41	2,710.36	2,424.23	13,919.13	6.064	5.207	6.382	7.160	7.835
Weekly Changes (%)	-4.06	-4.27	-4.07	-41.23	-64.04	-66.72	-4.07	2.65	-0.003*	0.040*	0.131*	0.138*	0.101*

* Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	01-Nov-19	08-Nov-19
1. Treasury Bills (Excluding Repos)	952.98	947.89	933.10	910.38	896.82	896.63
<i>(As % of total securities)</i>	35.27	33.97	33.72	33.06	31.90	31.90
2. Treasury Bonds	1,748.60	1,842.87	1,833.78	1,843.11	1,914.14	1,914.14
<i>(As % of total securities)</i>	64.73	66.03	66.28	66.94	68.10	68.10
3. Total Securities (1+2)	2,701.58	2,790.76	2,766.88	2,753.50	2,810.96	2,810.77
4. Overdraft at Central Bank	64.52	62.19	52.58	50.55	65.50	67.20
5. Other Domestic debt*	25.76	22.82	25.56	25.73	25.71	25.72
6. Gross Domestic Debt (3+4+5)	2,791.87	2,875.76	2,845.01	2,829.78	2,902.17	2,903.68

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: Central Bank of Kenya

Table 8: Government Domestic Debt by Instrument (Percent)

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	01-Nov-19	08-Nov-19
Treasury bills (Excluding Repos)	34.13	32.96	32.80	32.17	30.90	30.88
Treasury bonds	62.63	64.08	64.46	65.13	65.96	65.92
CBK Overdraft to Government	2.31	2.07	1.85	1.79	2.26	2.31
Other domestic debt	0.92	0.89	0.90	0.91	0.89	0.89
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)						
	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	01-Nov-19	08-Nov-19
Banking Institutions	54.57	54.35	53.28	52.11	54.21	54.10
Insurance Companies	6.11	6.18	6.40	6.89	6.45	6.45
Parastatals	7.00	6.98	7.32	7.23	6.84	6.98
Pension funds	28.05	28.19	28.70	29.55	28.12	28.07
Other investors	4.27	4.29	4.30	4.23	4.38	4.39
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt						
	Jun-18	Mar-19	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,699.09	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	27.01	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,721.60	3,023.14	3,160.06	3,133.54	3,111.80
Total public debt (KSh Billion)	5,039.03	5,420.68	5,809.08	6,004.18	6,009.54	5,968.40

Source: National Treasury and Central Bank of Kenya